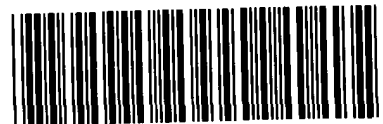


**Company Number 06630126**

**Zype TV Limited**

**Annual Report - 31 December 2019**

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**Zype TV Limited**  
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**31 December 2019**

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**General information**

The financial statements cover Zype TV Limited as an individual entity. The financial statements are presented in Pound Sterling, which is Zype TV Limited's functional and presentation currency.

Zype TV Limited is a private company limited by shares, incorporated and domiciled within England in the United Kingdom. Its registered office and principal place of business is:

9 Millars Brook  
Molly Millars Lane  
Wokingham  
Berkshire  
RG41 2AD

**Zype TV Limited**  
**Strategic report**  
**31 December 2019**

The directors present their strategic report on the company for the year ended 31 December 2019.

**Principal activity**

The principal activity of the company is the development and supply of a range of app-based video solutions to the automotive industry, allowing the creation of a more transparent, and easy, car buying and owning experience. The apps are used in dealers' showrooms, workshops, websites and body shops.

**Review of operations**

The revenue of the business has continued to grow year on year with an increase of 10% being achieved in the current year, driven by an increase in the number of subscribers to the company's video solutions. Operating profit and adjusted EBITDA have increased as result of the combination of growth in high margin subscription revenues and a relatively fixed overhead cost bases. Cash reserves of the business increased during the year to £917,000.

The key performance indicators of the business continue to be Revenue, Operating profit, Adjusted EBITDA, Cash, Net Assets and Subscriber Base.

	2019 £'000	2018 £'000	Change £'000	Change %
Revenue	9,892	9,003	889	10%
Operating profit	3,038	966	2,072	214%
Adjusted EBITDA	4,053	2,128	1,925	90%
Cash	917	652	265	41%
Net assets	6,422	3,671	2,751	75%
	2019 Number	2018 Number	Change Number	Change %
<b>Non-financial key performance indicator</b>				
Subscriber base at the end of the year	5,496	5,367	129	2%

\* Adjusted EBITDA is earnings before interest, tax, depreciation and amortisation as well as exceptional items and LTIP movements

**Principal risks and uncertainties**

The Company's operations may expose it to a variety of financial risks that include the market risk, credit risk, operational risk and liquidity risk. The Company, through its Board of Directors, seeks to limit the adverse effects on the financial performance of the Company as follows:

*Currency risk*

The Company is exposed to translational and transactional foreign exchange risk as it operates in various currencies, including US Dollars and the Euro, which affect the management and levels of working capital.

The Company operates bank accounts in both US dollars and Euros in order to naturally hedge the sales and purchases made within these currencies.

*Inflation risk*

The Company has exposure to the inflationary effect in countries in which it operates. This exposure could affect the Company's cost and/or investment base. The Company's cost base is mainly exposed to the inflation rates and changes in payroll taxes in the UK.

No specific hedging of inflation risk has been carried out although any forecast movement in inflation forecasts is modelled within the Company's financial forecasts for adverse effects and to ensure adequate working capital is available for operations.

*Credit risk*

Credit risk is the risk that a third party might fail to fulfil its performance obligations under the terms of a financial instrument. For cash and cash equivalents and trade and other receivables, credit risk represents the carrying amount on the balance sheet.

The Company's business will be predominantly with companies with a low inherent bad debt risk. The Company is therefore unlikely to take out credit insurance in the foreseeable future.

The Company will only invest surplus funds in UK bank/building society deposits, denominated in pounds sterling. Furthermore, funds will only be invested with Prudential Regulatory Authority regulated UK financial institutions. In addition, only banks or building societies obtaining a satisfactory rating — at least an A grade (high quality/upper medium grade/strong) — with Standard and Poors, Fitch and Moody's will be selected.

*Liquidity risk*

Liquidity risk is the risk of loss from not having access to sufficient funds to meet both expected and unexpected cash demands.

The Company seeks to manage financial risk by ensuring that sufficient liquidity is available to meet foreseeable needs and by investing cash assets safely as well as profitably. The Company's working capital report shows forecast monthly movements in working capital and cash for the following year. It is planned to secure a short-term overdraft facility to be used, for example, to bridge any time gap between day-to-day cash requirements and the release of cash from deposit accounts with notice.

Since the end of March 2020, the coronavirus pandemic has impacted markets and companies across the world. During this time video creation activity reduced significantly as countries went into lockdown and automotive dealers and workshops were forced to close their doors to customers and furlough all, if not most, of their staff.

Following the easing of lockdown in the UK in June, video creation volumes and subscription revenues have returned to levels akin to pre-March 2020 levels. The current growth opportunities of the business look promising.

The directors have reviewed liquidity forecasts prepared by management covering a period of more than 12 months from the date of approval of these financial statements. The liquidity forecasts show that in certain reasonable downside scenarios the Argus Topco Limited Group may need to take mitigating actions to conserve cash. The directors have considered what mitigating actions would be required and the timeframe within which those actions are needed. The key mitigating action available to the Group would be the reduction in controllable expenditure. The directors' consider operating cash generation could be maintained and would position the business to see out any temporary secondary lockdown or reduction in customer base. Should the revenue base of the business reduce permanently the directors are confident in the ability to respond and re-evaluate the more fixed costs of the business.

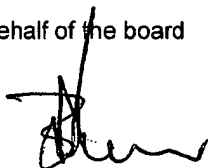
The directors have concluded that there are no material uncertainties that lead to significant doubt upon the Argus Topco Limited Group and company's ability to continue in operational existence for the foreseeable future and for at least one year from the approval date of the financial statements. The directors have therefore prepared the financial statements on a going concern basis.

**Likely future developments**

The directors are pleased with the performance of the business and will look to continue to grow revenue within the UK whilst retaining our valued customers.

This report is made in accordance with a resolution of directors.

On behalf of the board



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I D Brewer  
Director

23 September 2020

**Zype TV Limited**  
**Directors' report**  
**31 December 2019**

The directors present their report, together with the financial statements, on the company for the year ended 31 December 2019.

**Directors**

The following persons were directors of the company during the whole of the financial year and up to the date of this report, unless otherwise stated:

G Grant  
A J C Horsburgh  
C J Lacey (resigned 15 January 2020)  
C J Munn (resigned 7 June 2019)  
G G Page-Morris  
C S Tinto  
I D Brewer (appointed on 30 October 2019)

**Information contained within the strategic report**

The strategic report contains information in relation to Principal activities, Review of operations and Likely future developments.

**Dividends**

There were no dividends paid, recommended or declared during the current or previous financial year.

**Matters subsequent to the end of the financial year**

Since March 2020, the global Covid-19 coronavirus pandemic impacted the company's results as video creation volumes and revenue declined in the lockdown period. Subscription revenue has returned to pre-March levels in the second half of 2020 following the easing of lockdown, with current growth opportunities of the business looking promising.

Management reacted promptly to the impact of the pandemic with a number of key short term actions across the business to preserve liquidity, which included accessing government schemes where eligible and reducing costs. The impact of this has been considered on the financial statements up to the date of signing and whilst the situation continues to evolve.

The coronavirus global pandemic was not a condition in existence at the year-end date therefore it is regarded as a non-adjusting subsequent event.

No other matters or circumstances have arisen since 31 December 2019 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

**Financial instruments**

Information on the company's financial instruments are disclosed in the strategic report.

**Charitable and political donations**

No charitable or political donations were made during the year.

**Indemnity of directors**

The company has third party professional indemnity insurance in place for the year and at the time of approval of these financial statements.

**Disclosure of information to the auditors**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that they are obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

**Independent auditors**

The auditors BDO LLP were appointed in the year.

**Zype TV Limited**  
**Directors' report**  
**31 December 2019**

This report is made in accordance with a resolution of directors.

On behalf of the board

A handwritten signature in black ink, appearing to be 'I D Brewer', written over a horizontal line.

I D Brewer  
Director

23 September 2020

**Zype TV Limited**  
**Directors' responsibilities statement**  
**31 December 2019**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

**Zype TV Limited**  
**Independent auditor's report to the members of Zype TV Limited**  
**31 December 2019**

**Opinion**

We have audited the financial statements of Zype TV Limited ("the Company") for the year ended 31 December 2019 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 *Reduced Disclosure Framework* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**Other information**

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.



**Zype TV Limited**  
**Independent auditor's report to the members of Zype TV Limited**  
**31 December 2019**

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion;

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of Directors**

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

**Use of our report**

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

Gavin Crawford (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
Reading, UK  
Date: 24 September 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

**Zype TV Limited**  
**Statement of comprehensive income**  
**For the year ended 31 December 2019**

	Note	2019 £'000	2018 £'000
<b>Revenue</b>			
Revenue	4	9,892	9,003
Cost of sales		<u>(1,967)</u>	<u>(1,636)</u>
Gross profit		<u>7,925</u>	<u>7,367</u>
<b>Expenses</b>	5		
Administrative expenses		(7,816)	(7,329)
Exceptional costs	6	(221)	(397)
Other operating income		<u>3,150</u>	<u>1,325</u>
<b>Operating profit</b>		3,038	966
Investment write off		(26)	-
Finance expenses		<u>(12)</u>	<u>(2)</u>
<b>Profit before income tax (expense)/benefit</b>		3,000	964
Income tax (expense)/benefit	9	<u>(249)</u>	<u>24</u>
<b>Profit after income tax (expense)/benefit for the year</b>	30	2,751	988
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
<b>Total comprehensive income for the year</b>		<u><u>2,751</u></u>	<u><u>988</u></u>

Refer to note 3 for detailed information on Restatement of comparatives.

*The above statement of comprehensive income should be read in conjunction with the accompanying notes*

**Zype TV Limited**  
**Balance sheet**  
**As at 31 December 2019**

	<b>Note</b>	<b>2019 £'000</b>	<b>2018 £'000</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	10	205	444
Property, plant and equipment	11	393	490
Right-of-use assets	12	413	-
Investments	13	67	93
Deferred tax	14	12	-
Total non-current assets		<u>1,090</u>	<u>1,027</u>
<b>Current assets</b>			
Inventories	15	26	12
Trade and other receivables - amounts falling due within one year	16	6,933	3,963
Cash and cash equivalents	17	917	652
Contract assets	18	115	156
Income tax refund due	19	-	120
Total current assets		<u>7,991</u>	<u>4,903</u>
<b>Total assets</b>		<u>9,081</u>	<u>5,930</u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred tax	20	-	38
Contract liabilities	21	28	37
Lease liabilities	22	233	-
Provisions	23	59	-
Total non-current liabilities		<u>320</u>	<u>75</u>
<b>Current liabilities</b>			
Trade and other payables - amounts falling due within one year	24	1,283	1,435
Contract liabilities	25	802	749
Lease liabilities	26	160	-
Income tax	27	94	-
Total current liabilities		<u>2,339</u>	<u>2,184</u>
<b>Total liabilities</b>		<u>2,659</u>	<u>2,259</u>
<b>Net assets</b>		<u>6,422</u>	<u>3,671</u>

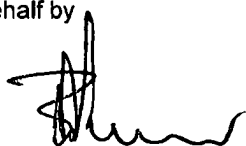
*The above balance sheet should be read in conjunction with the accompanying notes*

**Zype TV Limited**  
**Balance sheet**  
**As at 31 December 2019**

	Note	2019 £'000	2018 £'000
<b>Equity</b>			
Issued capital	28	3	3
Share premium account	29	19	19
Retained earnings	30	6,400	3,649
<b>Total equity</b>		<u>6,422</u>	<u>3,671</u>

Refer to note 3 for detailed information on Restatement of comparatives.

The financial statements on pages 9 to 35 were approved by the Board of Directors on 23 September 2020 and signed on its behalf by



\_\_\_\_\_  
I D Brewer  
Director

23 September 2020

*The above balance sheet should be read in conjunction with the accompanying notes*

**Zype TV Limited**  
**Statement of changes in equity**  
**For the year ended 31 December 2019**

	<b>Issued capital £'000</b>	<b>Share premium account £'000</b>	<b>Retained profits £'000</b>	<b>Total equity £'000</b>
Balance at 1 January 2018	3	19	2,766	2,788
Adjustment for correction of error (note 3)	-	-	(105)	(105)
Balance at 1 January 2018 - restated	3	19	2,661	2,683
Profit after income tax benefit for the year	-	-	988	988
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	988	988
Balance at 31 December 2018	<u>3</u>	<u>19</u>	<u>3,649</u>	<u>3,671</u>

Refer to note 3 for detailed information on Restatement of comparatives.

	<b>Issued capital £'000</b>	<b>Share premium account £'000</b>	<b>Retained profits £'000</b>	<b>Total equity £'000</b>
Balance at 1 January 2019	3	19	3,649	3,671
Profit after income tax expense for the year	-	-	2,751	2,751
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	2,751	2,751
Balance at 31 December 2019	<u>3</u>	<u>19</u>	<u>6,400</u>	<u>6,422</u>

*The above statement of changes in equity should be read in conjunction with the accompanying notes*

**Zype TV Limited**  
**Notes to the financial statements**  
**31 December 2019**

**Note 1. Significant accounting policies**

The financial statements cover Zype TV Limited as an individual entity. The financial statements are presented in Pound Sterling, which is Zype TV Limited's functional and presentation currency. The accounts are presented in £000's.

Zype TV Limited is a private company limited by shares, incorporated and domiciled within England in the United Kingdom.

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**New or amended Accounting Standards and Interpretations adopted**

The company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Financial Reporting Council ('FRC') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the company.

The following Accounting Standards and Interpretations are most relevant to the company:

*IFRS 9 Financial Instruments*

The company has adopted IFRS 9 from 1 January 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

*IFRS 15 Revenue from Contracts with Customers*

The company has adopted IFRS 15 from 1 January 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's balance sheet as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

**Zype TV Limited**  
**Notes to the financial statements**  
**31 December 2019**

**Note 1. Significant accounting policies (continued)**

*IFRS 16 Leases*

The company has adopted IFRS 16 from 1 January 2019. The standard replaces IAS 17 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the balance sheet. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under IFRS 16 will be higher when compared to lease expenses under IAS 17. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

*Impact of adoption*

IFRS 16 as adopted using the modified retrospective approach #1 and as such the comparatives have not been restated with recognition of the transitional adjustments on the date of initial application (1 January 2019). There is no impact on the opening retained profits as at 1 January 2019 as the right of use asset has been deemed equal to the lease liability.

	1 January 2019 £000's
Operating lease commitment as at 1 January 2019 (IAS 17)	406
Operating lease commitments discounted based on the incremental borrowing rate of 4.02%	(26)
Short-term leases not recognised as a right-of-use asset (IFRS 16)	(114)
	<hr/>
Right-of-use asset as at 1 January 2019 (IFRS 16)	266
	<hr/>
	1 January 2019 £000's
Lease liability - current (IFRS 16)	53
Lease liability - non-current (IFRS 16)	213
	<hr/>
	266
	<hr/>

**Going concern**

As at 31 December 2019 the entity had net assets of £6,422,000 (2018 - £3,671,000) and the accounts have been prepared on a going concern basis.

Since the end of March 2020, the coronavirus pandemic has impacted markets and companies across the world. The company's revenues were impacted during the peak of the pandemic as its subscription services were no longer being utilised under lockdown. Following the cessation of lockdown video creation levels have returned close to that of pre-March 2020 and the company's subscription revenue returned to pre-lockdown levels.

The COVID-19 pandemic has created an unprecedented and constantly changing challenge to all businesses with no clear end point. Whilst overall the company has a relatively low risk, high visibility business model, which is adaptable to homeworking, we believe the risks to the company posed by the COVID-19 pandemic are as set out below:

*Trading risk*

Although the company's strong recurring revenues support longer term visibility of sales, there is a risk of prospective customers deferring decisions to take up new services and delayed investment by OEM and larger dealer groups in integrating video solutions into their dealer management systems.

*Liquidity risk*

Uncertainty remains around the wider economic impact of the pandemic and customers' ability to continue to trade throughout the pandemic.

**Note 1. Significant accounting policies (continued)**

*Risk of loss of efficiency*

- lower productivity of homeworking due to poorer connectivity, less communication between team members and possible distractions, such as family;
- the demotivational effect of general anxiety and concern;
- the need to establish new client communication channels with clients who are also working remotely;
- team members being incapacitated or having to care for other family members;
- the slowdown in recruitment, although this is likely to be partially offset by lower attrition.

*Risk to IT & security*

- a possible breach of IT security through remote working, although robust measures have been taken to mitigate this risk;
- the IT team being less able to respond efficiently and promptly to regular hardware and software problems due to the nature of remote working;
- loss of capacity in the IT team due to illness.

*Mitigating activities*

The duration and extent of the economic consequences of the pandemic are currently unknown and this makes predicting future demand for the company's offerings difficult. However, the Board believes that the company and group is well placed to withstand the current challenges and risks. The company's IT systems are sufficiently flexible to enable remote working by all colleagues across the company.

**Basis of preparation**

These financial statements were prepared in accordance with FRS 101 'Reduced Disclosure Framework' and the Companies Act 2006.

As permitted by FRS 101, the company has taken advantage of all of the disclosure exemptions available to it, including: statement of cash flows, new Accounting Standards not yet mandatory, disaggregation of revenue, reconciliations of contract assets and liabilities, unsatisfied performance obligations, presentation of comparative information for certain assets, impairment of assets, capital risk management, financial instruments, fair value measurement, key management personnel, related party transactions, business combinations and share-based payments.

The company's ultimate parent entity is Argus Topco Ltd (incorporated in the United Kingdom) and its consolidated financial statements, which the company forms part of, are available from Companies House. The company's immediate parent entity is CitNow Video Limited.

The financial statements have been prepared on a going concern basis.

The financial statements contain information about Zype TV Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, Argus Topco Limited.

*Historical cost convention*

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

*Critical accounting estimates*

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

**Foreign currency translation**

The financial statements are presented in Pound sterling, which is Zype TV Limited's functional and presentation currency.



**Note 1. Significant accounting policies (continued)**

*Foreign currency transactions*

Foreign currency transactions are translated into Pound sterling using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

**Revenue recognition**

For each contract with a customer, the company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Transaction price is determined based on central rate card prices maintained by the business with consideration of discounts given on agreed contracts and invoices.

The entity has five revenue streams, subscription revenue, configuration revenue, training revenue, hardware revenue and other revenue. The consolidated entity's performance obligations and revenue recognition policy for each revenue stream is noted below.

*Subscription and configuration revenue*

Subscription and configuration revenue are treated as a single performance obligation as the customer cannot benefit from each separately

The revenue is recognised on a straight-line basis over the term of the contract.

*Training revenue*

Training revenue is treated as a separate performance obligation as the customer can benefit from this separately.

The revenue is recognised at the point of delivery on the training.

*Hardware revenue*

Hardware revenue is treated as a separate performance obligation as the customer can benefit from this separately.

The revenue is recognised on a straight line basis over the period of the agreement, typically 2 years. This is due to the contract terms of the hardware revenue being akin to a lease agreement whereby the ownership passes back to the company at the end of contract term.

*Other revenue*

Other revenue is recognised when it is received or when the right to receive payment is established.

**Income tax**

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

**Note 1. Significant accounting policies (continued)**

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

**Current and non-current classification**

Assets and liabilities are presented in the balance sheet based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

**Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**Trade and other receivables**

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

**Contract assets**

Contract assets are recognised when the company has transferred goods or services to the customer but where the company is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

**Inventories**

Stock on hand is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

**Investments and other financial assets**

Investments and other financial assets are initially measured at fair value. Transaction costs are not included as part of the initial measurement. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

**Note 1. Significant accounting policies (continued)**

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

*Financial assets at amortised cost*

A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

*Impairment of financial assets*

The company recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the company's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

**Property, plant and equipment**

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Plant and Equipment	33% to 50%
Fixtures and Fittings	33%

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

**Right-of-use assets**

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

**Note 1. Significant accounting policies (continued)**

The company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

**Intangible assets**

*Development*

Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the company is able to use or sell the asset; the company has sufficient resources; and intent to complete the development and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

*Trademarks*

Trademark costs are capitalised and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

**Impairment of non-financial assets**

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

**Trade and other payables**

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

**Contract liabilities**

Contract liabilities represent the company's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the company recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the company has transferred the goods or services to the customer.

**Lease liabilities**

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

**Provisions**

Provisions are recognised when the company has a present (legal or constructive) obligation as a result of a past event, it is probable the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

**Note 1. Significant accounting policies (continued)**

**Employee benefits**

*Short-term employee benefits*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

**Exceptional costs**

Exceptional costs are those significant items which are separately disclosed by virtue of their size or incidence to enable a full understanding of the company's financial performance.

**Fair value measurement**

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

**Issued capital**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**Value-Added Tax ('VAT') and other similar taxes**

Revenues, expenses and assets are recognised net of the amount of associated VAT, unless the VAT incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of VAT receivable or payable. The net amount of VAT recoverable from, or payable to, the tax authority is included in other receivables or other payables in the balance sheet.

Commitments and contingencies are disclosed net of the amount of VAT recoverable from, or payable to, the tax authority.

**Rounding of amounts**

Amounts in this report have been rounded off to the nearest thousand pounds, or in certain cases, the nearest pound.

**Note 2. Critical accounting judgements, estimates and assumptions**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

*Allowance for expected credit losses*

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

**Note 2. Critical accounting judgements, estimates and assumptions (continued)**

*Estimation of useful lives of assets*

The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

*Impairment of non-financial assets other than goodwill and other indefinite life intangible assets*

The company assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

*Income tax*

The company is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The company recognises liabilities for anticipated tax audit issues based on the company's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

*Lease term*

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the company's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The company reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

*Incremental borrowing rate*

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the company estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

**Note 3. Restatement of comparatives**

*Correction of error*

Further information has now become available in relation to the calculation of IFRS 15 Revenue from Contracts with Customers, including detailed historic contract and billing information for all active contracts allowing a more accurate allocation of transaction price to each performance obligation, identifying that material accrued income and deferred income balances existed in prior period. The directors consider an adjustment is required in order to best recognise revenue in line with the accounting standards requirements. This will impact the period ended 31 December 2018 numbers, as illustrated below:

**Zype TV Limited**  
**Notes to the financial statements**  
**31 December 2019**

**Note 3. Restatement of comparatives (continued)**

*Statement of comprehensive income*

	2018 £'000 Reported	£'000 Adjustment	2018 £'000 Restated
<b>Revenue</b>			
Revenue	8,987	16	9,003
<b>Cost of sales</b>	(1,636)	-	(1,636)
<b>Expenses</b>			
Administrative expenses	(7,329)	-	(7,329)
Exceptional costs	(397)	-	(397)
Other operating income	1,325	-	1,325
<b>Operating profit</b>	950	16	966
<b>Finance expenses</b>	(2)	-	(2)
<b>Profit before income tax benefit</b>	948	16	964
<b>Income tax benefit</b>	27	(3)	24
<b>Profit after income tax (expense)/benefit for the year</b>	975	13	988
<b>Other comprehensive income for the year, net of tax</b>	-	-	-
<b>Total comprehensive income for the year</b>	<u>975</u>	<u>13</u>	<u>988</u>

**Zype TV Limited**  
**Notes to the financial statements**  
**31 December 2019**

**Note 3. Restatement of comparatives (continued)**

*Balance sheet at the end of the earliest comparative period*

	2018 £'000 Reported	£'000 Adjustment	2018 £'000 Restated
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	444	-	444
Property, plant and equipment	490	-	490
Investments	93	-	93
Total non-current assets	1,027	-	1,027
<b>Current assets</b>			
Inventories	12	-	12
Trade and other receivables - amounts falling due within one year	3,963	-	3,963
Cash and cash equivalents	652	-	652
Contract assets	25	131	156
Income tax refund due	98	22	120
Total current assets	4,750	153	4,903
<b>Total assets</b>	5,777	153	5,930
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred tax	38	-	38
Contract liabilities	37	-	37
Total non-current liabilities	75	-	75
<b>Current liabilities</b>			
Trade and other payables - amounts falling due within one year	1,435	-	1,435
Contract liabilities	504	245	749
Total current liabilities	1,939	245	2,184
<b>Total liabilities</b>	2,014	245	2,259
<b>Net assets</b>	3,763	(92)	3,671
<b>Equity</b>			
Issued capital	3	-	3
Share premium account	19	-	19
Retained profits	3,741	(92)	3,649
<b>Total equity</b>	3,763	(92)	3,671



**Zype TV Limited**  
**Notes to the financial statements**  
**31 December 2019**

**Note 3. Restatement of comparatives (continued)**

*Opening balance sheet for comparative period*

	1 January 2018 £'000 Reported	£'000 Adjustment	1 January 2018 £'000 Restated
Contract assets	14	93	107
Contract liabilities - current liabilities	(413)	(223)	(636)
Income tax - current liabilities	(65)	25	(40)
Retained earnings	(2,766)	105	(2,661)
	<u>(3,230)</u>	<u>-</u>	<u>(3,230)</u>

**Note 4. Revenue**

	2019 £'000	2018 £'000
Major product lines:		
Subscription income	9,187	8,140
Training and configuration income	382	452
Hardware income	308	395
Other	15	16
	<u>9,892</u>	<u>9,003</u>
	<b>2019</b>	<b>2018</b>
Geographical regions:		
United Kingdom	8,466	8,204
Europe	789	326
United States of America	66	67
Rest of World	571	406
	<u>9,892</u>	<u>9,003</u>

**Zype TV Limited**  
**Notes to the financial statements**  
**31 December 2019**

**Note 5. Expenses**

	2019 £'000	2018 £'000
Profit before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Plant and Equipment	384	367
Fixtures and Fittings	81	105
Buildings right-of-use assets	52	-
Motor vehicles right-of-use assets	14	-
Office equipment right-of-use assets	5	-
Total depreciation	<u>536</u>	<u>472</u>
<i>Amortisation</i>		
Development	257	292
Trademarks	1	1
Total amortisation	<u>258</u>	<u>293</u>
Total depreciation and amortisation	<u>794</u>	<u>765</u>
<i>Impairment</i>		
Trade receivables	(18)	(29)
Intercompany	221	397
Total impairment	<u>203</u>	<u>368</u>
<i>Finance costs</i>		
Interest and finance charges paid/payable on lease liabilities	12	-
<i>Net foreign exchange loss/(gain)</i>		
Net foreign exchange loss/(gain)	<u>148</u>	<u>17</u>
<i>Employee benefits expense</i>		
Wages and salaries	3,979	3,653
Social security costs	386	446
Pension costs - defined contribution	209	165
Share-based payments	121	-
Total employee benefits expense	<u>4,695</u>	<u>4,264</u>
<i>Research and development costs</i>		
Research and development costs	<u>618</u>	<u>322</u>
<i>Inventory recognised as an expense</i>		
Inventory expense	<u>109</u>	<u>139</u>

**Note 6. Exceptional costs**

The exceptional items of £221,000 (2018 - £397,000) relates to write-downs of Intercompany balances with subsidiary companies.

	2019 £'000	2018 £'000
Intercompany write-downs	<u>221</u>	<u>397</u>

**Zype TV Limited**  
**Notes to the financial statements**  
**31 December 2019**

**Note 7. Average number of employees and employee benefits expense**

The average monthly number of employees during the year was as follows:

	2019	2018
Managerial	8	9
Sales	11	14
Admin	63	52
	<u>82</u>	<u>75</u>

The employee benefits expense during the year was as follows:

	2019 £'000	2018 £'000
Wages and salaries	3,979	3,653
Social security costs	386	446
Pension costs - defined contribution	209	165
Share-based payments	121	-
	<u>4,695</u>	<u>4,264</u>

**Note 8. Directors' remuneration**

Details of directors' remuneration is set out below:

	2019	2018
Number of directors who exercised share options	-	3
Number of directors who received shares under long-term incentive schemes in respect of qualifying services	1	-
Number of directors accruing benefits under pension schemes in respect of qualifying services	5	7
	<b>2019 £'000</b>	<b>2018 £'000</b>
Aggregate remuneration in respect of qualifying services	591	910
Aggregate gains made by directors on the exercise of share options	-	360
Aggregate amounts received or receivable under long-term incentive schemes in respect of qualifying services	42	-
Aggregate amounts of contributions to pension schemes in respect of qualifying services	29	83
Sums paid to third parties for directors' services	158	166
Compensation for loss of office	63	140
Highest paid director - aggregate remuneration	180	309
Highest paid director - accrued pension at the end of the year	10	7

The directors pension contributions related to defined contributions scheme.

The highest paid director exercised share options in respect of 500 B shares within CitNow Video Limited in the prior year.

**Zype TV Limited**  
**Notes to the financial statements**  
**31 December 2019**

**Note 9. Income tax expense/(benefit)**

	2019 £'000	2018 £'000
<i>Income tax expense/(benefit)</i>		
Current tax	297	(2)
Deferred tax - origination and reversal of temporary differences	(50)	28
Adjustment recognised for prior periods	2	(50)
	<u>249</u>	<u>(24)</u>
Aggregate income tax expense/(benefit)		
Deferred tax included in income tax expense/(benefit) comprises:		
Increase in deferred tax assets (note 14)	(12)	-
Increase/(decrease) in deferred tax liabilities (note 20)	(38)	28
	<u>(50)</u>	<u>28</u>
Deferred tax - origination and reversal of temporary differences		
	<u>(50)</u>	<u>28</u>
<i>Numerical reconciliation of income tax expense/(benefit) and tax at the statutory rate</i>		
Profit before income tax (expense)/benefit	3,000	964
	<u>3,000</u>	<u>964</u>
Tax at the statutory tax rate of 19%	570	183
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Fixed asset differences	93	11
Other permanent differences	-	(172)
Expenses not deductible for tax purposes	136	77
Income not subject to tax	(38)	-
Group relief surrendered/(claimed)	(431)	(161)
Adjustment to deferred tax balances as a result of change in statutory tax rate	(1)	6
Deferred tax not recognised	-	82
Temporary differences not recognised	(78)	-
Sundry items	(4)	-
	<u>247</u>	<u>26</u>
Adjustment recognised for prior periods	2	(50)
	<u>2</u>	<u>(50)</u>
Income tax expense/(benefit)	<u>249</u>	<u>(24)</u>

Refer to note 3 for detailed information on Restatement of comparatives.

**Note 10. Non-current assets - intangible assets**

	2019 £'000	2018 £'000
Development - at cost	1,655	1,636
Less: Accumulated amortisation	(1,450)	(1,193)
	<u>205</u>	<u>443</u>
Trademarks - at cost	6	6
Less: Accumulated amortisation	(6)	(5)
	<u>-</u>	<u>1</u>
	<u>205</u>	<u>444</u>

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**Note 10. Non-current assets - intangible assets (continued)**

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	Development Costs £'000	Trademarks £'000	Total £'000
Balance at 1 January 2019	443	1	444
Additions	19	-	19
Amortisation expense	(257)	(1)	(258)
Balance at 31 December 2019	205	-	205

\* Amortisation expense is recognised within administrative expenses

**Note 11. Non-current assets - property, plant and equipment**

	2019 £'000	2018 £'000
Plant and equipment - at cost	1,457	1,993
Less: Accumulated depreciation	(1,124)	(1,632)
	333	361
Fixtures and fittings - at cost	381	369
Less: Accumulated depreciation	(321)	(240)
	60	129
	393	490

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	Plant and Equipment £'000	Fixtures and Fittings £'000	Total £'000
Balance at 1 January 2019	361	129	490
Additions	360	12	372
Disposals	(4)	-	(4)
Depreciation expense	(384)	(81)	(465)
Balance at 31 December 2019	333	60	393

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**Note 12. Non-current assets - right-of-use assets**

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Land and buildings - right-of-use	422	-
Less: Accumulated depreciation	(52)	-
	<u>370</u>	<u>-</u>
Motor vehicles - right-of-use	49	-
Less: Accumulated depreciation	(14)	-
	<u>35</u>	<u>-</u>
Office equipment - right-of-use	13	-
Less: Accumulated depreciation	(5)	-
	<u>8</u>	<u>-</u>
	<u><u>413</u></u>	<u><u>-</u></u>

Additions to the right-of-use assets during the year were £218,000. The modified retrospective approach means £266,000 have been recognised on initial adoption effective 1 January 2019.

The company leases land and buildings for its offices, warehouses and retail outlets under agreements of between 2 to 3 years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated. The company leases plant and equipment under agreements of between 2 to 3 years and motor vehicles under agreements of 2 years.

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	<b>Land and buildings £'000</b>	<b>Motor vehicles £'000</b>	<b>Office equipment £'000</b>	<b>Total £'000</b>
Balance at 1 January 2019	-	-	-	-
IFRS 16 adoption	253	-	13	266
Additions	169	49	-	218
Depreciation expenses	(52)	(14)	(5)	(71)
Balance at 31 December 2019	<u><u>370</u></u>	<u><u>35</u></u>	<u><u>8</u></u>	<u><u>413</u></u>

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**Note 13. Non-current assets - investments**

	<b>2019</b> <b>£'000</b>	<b>2018</b> <b>£'000</b>
Shares in CitNow Video France SARL - at cost	7	7
Shares in CitNow GmbH - at cost	20	20
Shares in CitNow Video Italy SRL - at cost	18	18
Shares in CitNow Video Iberia, SLU - at cost	7	7
Shares in CitNow Video LLC - at cost	26	26
Less: Provision for impairment	(26)	-
	-	26
Shares in CitNow Nordic A/S - at cost	15	15
	67	93

*Reconciliation*

Reconciliation of the carrying amounts at the beginning and end of the current and previous financial year are set out below:

Opening carrying amount	93	78
Additions	-	15
Impairment of assets	(26)	-
Closing carrying amount	67	93

An addition of CAD\$100 (£58) was made on the incorporation of CitNOW Canada Inc. in the prior year. This is not reflected in the tables above as a result of the figures being presented in £000's.

**Note 13. Non-current assets - investments (continued)**

**Interests in subsidiaries**

As at the 31 December 2019, the company had investments in the following subsidiary companies:

Name	Country of incorporation / Registered office	Holding	Proportion held %
CitNOW GmbH	Germany - Unter den Linden 10, D-10117, Berlin	Ordinary shares	100.00%
CitNow Inc	United States - 555 North Point Center East, Suite 400, Alpharetta, GA 30022	Ordinary shares	100.00%
CitNow Video Italy SRL	Italy - Via Paola Barison 42, Ed 12 - B5, Roma (RM) 00142	Ordinary shares	100.00%
CitNow Video Benelux B.V.	Netherlands - De Cuserstraat 93, 1081 CN, Amsterdam	Ordinary shares	100.00%
CitNOW Video France SARL	France - 47 Boulevard Georges Clemenceau, 92415 Courbevoie CEDEX	Ordinary shares	100.00%
CitNOW Video Iberia, SLU	Spain - Calle, Orense 34, Planta 8, 28020 Madrid	Ordinary shares	100.00%
CitNOW Video LLC	Russia - Russian Federation, Moscow, ulitsa Skakovaya, 17, bldg. 2	Ordinary shares	100.00%
CitNOW Nordic A/S	Denmark - Nymøllevej 50, 2800 Kgs. Lyngby, Denmark	Ordinary shares	100.00%
CitNOW Canada Inc.	Canada - 1055 West Georgia Street, 1500 Royal Centre, P.O. Box 11117, Vancouver BC V6E 4N7, Canada	Ordinary shares	100.00%

All investments are held directly.

The principal activities of all subsidiaries are in line with that of the company.

**Note 14. Non-current assets - deferred tax**

	2019 £'000	2018 £'000
<i>Deferred tax asset comprises temporary differences attributable to:</i>		
Amounts recognised in profit or loss:		
Accelerated capital allowances	(1)	-
Short term timing differences	13	-
Deferred tax asset	12	-
Amount expected to be recovered within 12 months	12	-
<i>Movements:</i>		
Opening balance	-	-
Credited to profit or loss (note 9)	12	-
Closing balance	12	-



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**Note 15. Current assets - inventories**

	2019 £'000	2018 £'000
Stock on hand - at cost	<u>26</u>	<u>12</u>

**Note 16. Current assets - trade and other receivables - amounts falling due within one year**

	2019 £'000	2018 £'000
Trade receivables	410	498
Less: Allowance for expected credit losses	<u>(2)</u>	<u>(40)</u>
	408	458
Amounts owed by group undertakings	6,065	3,189
Prepayments	352	262
Other debtors	<u>108</u>	<u>54</u>
	<u>6,933</u>	<u>3,963</u>

Amounts owed by group undertakings are unsecure, interest free, have no fixed repayment date and are repayable on demand.

**Note 17. Current assets - cash and cash equivalents**

	2019 £'000	2018 £'000
Cash at bank and in hand	<u>917</u>	<u>652</u>

**Note 18. Current assets - contract assets**

	2019 £'000	2018 £'000
Contract assets	<u>115</u>	<u>156</u>

Refer to note 3 for detailed information on Restatement of comparatives.

**Note 19. Current assets - income tax refund due**

	2019 £'000	2018 £'000
Income tax refund due	<u>-</u>	<u>120</u>

Refer to note 3 for detailed information on Restatement of comparatives.

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**Note 20. Non-current liabilities - deferred tax**

	2019 £'000	2018 £'000
<i>Deferred tax liability comprises temporary differences attributable to:</i>		
Amounts recognised in profit or loss:		
Accelerated capital allowances	-	42
Short term timing differences	-	(4)
Deferred tax liability	<u>-</u>	<u>38</u>
Amount expected to be settled after more than 12 months	<u>-</u>	<u>38</u>
<i>Movements:</i>		
Opening balance	38	10
Charged/(credited) to profit or loss (note 9)	<u>(38)</u>	<u>28</u>
Closing balance	<u>-</u>	<u>38</u>

**Note 21. Non-current liabilities - contract liabilities**

	2019 £'000	2018 £'000
Contract liabilities	<u>28</u>	<u>37</u>

**Note 22. Non-current liabilities - lease liabilities**

	2019 £'000	2018 £'000
Lease liability	<u>233</u>	<u>-</u>

**Note 23. Non-current liabilities - provisions**

	2019 £'000	2018 £'000
Long term incentive plan (LTIP)	<u>59</u>	<u>-</u>

*Long term incentive plan*

In recognition of services to the company a long term incentive plan has been implemented which will result in payments to those staff still with the business when a change of ownership occurs.

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**Note 24. Current liabilities - trade and other payables - amounts falling due within one year**

	2019 £'000	2018 £'000
Trade payables	285	187
Accrued expenses	448	478
Other creditors	274	274
Amounts owed to group undertakings	276	496
	<u>1,283</u>	<u>1,435</u>

Amounts owed to group undertakings are unsecured, interest free, have no fixed repayment date and are repayable on demand.

**Note 25. Current liabilities - contract liabilities**

	2019 £'000	2018 £'000
Contract liabilities	<u>802</u>	<u>749</u>

Refer to note 3 for detailed information on Restatement of comparatives.

**Note 26. Current liabilities - lease liabilities**

	2019 £'000	2018 £'000
Lease liability	<u>160</u>	<u>-</u>

**Note 27. Current liabilities - income tax**

	2019 £'000	2018 £'000
Provision for income tax	<u>94</u>	<u>-</u>

**Note 28. Equity - issued capital**

	Number 2019	Number 2018	Value (£) 2019	Value (£) 2018
Ordinary £0.001 shares	1,400,000	1,400,000	1,400	1,400
Ordinary £0.001 B shares	700,000	700,000	700	700
Ordinary £0.001 C shares	300,000	300,000	300	300
Ordinary £0.001 D shares	300,000	300,000	300	300
Ordinary £0.001 E shares	300,000	300,000	300	300
	<u>3,000,000</u>	<u>3,000,000</u>	<u>3,000</u>	<u>3,000</u>

All classes of share rank pari-passu, except that directors can vary the distributions paid by class of share.

All shares are owned by the immediate parent CitNow Video Limited.

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**Note 29. Equity - Share premium account**

	2019 £'000	2018 £'000
Share premium reserve	<u>19</u>	<u>19</u>

**Note 30. Equity - retained earnings**

	2019 £'000	2018 £'000
Retained profits at the beginning of the financial year	3,649	2,661
Profit after income tax (expense)/benefit for the year	<u>2,751</u>	<u>988</u>
Retained profits at the end of the financial year	<u>6,400</u>	<u>3,649</u>

Refer to note 3 for detailed information on Restatement of comparatives.

**Note 31. Auditors remuneration**

During the financial year the following fees were paid or payable for services provided by BDO LLP (2018 - PricewaterhouseCoopers LLP), the auditor of the company:

	2019 £'000	2018 £'000
<i>Audit services</i>		
Audit of the financial statements	<u>20</u>	<u>25</u>

**Note 32. Contingent liabilities**

The company has guaranteed the borrowings of Argus Bidco Limited. The borrowings subject to guarantee as at 31 December 2019 totalled £11,900,000.

**Note 33. Events after the reporting period**

Since March 2020, the global Covid-19 coronavirus pandemic impacted the company's results as video creation volumes and revenue declined in the lockdown period. Subscription revenue has returned to pre-March levels in the second half of 2020 following the easing of lockdown, with current growth opportunities of the business looking promising.

Management reacted promptly to the impact of the pandemic with a number of key short term actions across the business to preserve liquidity, which included accessing government schemes where eligible and reducing costs. The impact of this has been considered on the financial statements up to the date of signing and whilst the situation continues to evolve.

The coronavirus global pandemic was not a condition in existence at the year-end date therefore it is regarded as a non-adjusting subsequent event.

No other matters or circumstances have arisen since 31 December 2019 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.